



Budget Options

March 2003

Notes

Unless otherwise indicated, all years referred to in this report are fiscal years.

Numbers in the text and tables may not add up to totals because of rounding.

The options in this report do not reflect the governmental reorganization involved in the creation of the Department of Homeland Security.

The budgetary effects of the options are estimated in various ways. For options involving defense discretionary spending, savings are measured relative to the Department of Defense's most recent plan, as modified by lawmakers in enacting 2003 appropriations. For options involving nondefense discretionary spending, savings are measured in comparison with the level of 2003 appropriations adjusted for inflation. (In most cases, that level represents the appropriations outlined in the continuing resolution that was in effect when the options were prepared; in a few cases, it represents the appropriations enacted on February 20, 2003, in the Consolidated Appropriations Resolution for 2003.) For options that affect mandatory spending, savings are measured in relation to the Congressional Budget Office's (CBO's) current-law baseline. For revenue options, the effects are estimated relative to current-law projections; most of the estimates come from the Joint Committee on Taxation, although a few were produced by CBO. For the long-term Social Security and Medicare options in Chapter 4, savings are estimated by CBO and are measured in relation to the size of the economy (as a percentage of gross domestic product).

The tables and charts shown on the cover come from Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2004-2013* (January 2003).



Preface

This volume—one of the Congressional Budget Office's (CBO's) regular reports to the House and Senate Committees on the Budget—presents options to alter federal outlays and receipts, both in the near term and over a longer horizon. The report does not adopt a particular fiscal goal or budget target but presents a variety of options to help policymakers in their annual tasks of making budgetary choices, setting priorities, and adapting to changes in circumstances. It is the latest in a series of compendiums of policy options prepared by CBO over the years.

As a nonpartisan Congressional agency, CBO does not make recommendations about policy. Instead, the options discussed in this report stem from various sources. They are derived from legislative proposals, the President's budget, Congressional and CBO staff, other government entities, and private groups. The inclusion or exclusion of a particular idea does not represent an endorsement or rejection by CBO. The options are intended to reflect a range of possibilities; they are neither ranked nor comprehensive. In keeping with CBO's mandate to provide objective and impartial analysis, the discussion of each option presents the cases for and against it.

Budget Options begins with an introductory chapter that discusses the budget outlook, presents general rationales for the policy options that follow, and explains how to use the volume. Chapter 2 presents dozens of options to cut spending or add receipts, organized by the functional categories of the budget—national defense, international affairs, energy, and so on. The options for each function are introduced with a page of background information about spending trends in that function. Chapter 3 contains specific options that affect revenues. Chapter 4 presents a discussion of strategies for slowing the growth of Social Security and Medicare. The appendix lists the many contributors to this report.

This volume is available in multiple formats on CBO's Web site (www.cbo.gov), including a version that permits users to search and retrieve options by function, agency, and other criteria.

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1	Introduction	1
	The Budget Outlook	1
	Rationales for Budget Options	3
	Using This Volume	4
	Exclusions and Limitations	5
2	Options to Reduce Spending	7
	Function 050: National Defense	9
	Function 150: International Affairs	55
	Function 270: Energy	59
	Function 300: Natural Resources and Environment	71
	Function 350: Agriculture	83
	Function 370: Commerce and Housing Credit	89
	Function 400: Transportation	95
	Function 450: Community and Regional Development	105
	Function 500: Education, Training, Employment, and Social Services	115
	Function 550: Health	127
	Function 570: Medicare	141
	Function 600: Income Security	165
	Function 700: Veterans Benefits and Services	177
	Function 800: General Government	183
	Function 920: Allowances	187
3	Options That Affect Revenues	193
4	Slowing the Long-Term Growth of Social Security and Medicare	253
	Social Security	254
	Medicare	262
	Appendix	
	Contributors to This Volume	275

TABLES

4-1.	Increase in the Normal Retirement Age Under Current Law and an Illustrative Option	258
4-2.	Effects of Illustrative Options for Reducing Growth in Spending for Social Security	261
4-3.	Effects of Several Illustrative Options for Reducing Growth of Net Medicare Spending	272

FIGURE

4-1.	Federal Spending Under Illustrative Options for Slowing the Growth in Social Security	261
------	---	-----

BOXES

4-1.	Impacts of Illustrative Options on Social Security's Finances	260
4-2.	Medicaid and Long-Term Care	264

Options to Reduce Spending

Function 050: National Defense

Forces and Weapons

050-01	Cancel Remaining Purchases of the Javelin Missile	11
050-02	Reverse Organizational Changes that Have Increased the Army's Support Tail Without Increasing Its Combat Tooth	12
050-03	Reduce the Number of Army Stryker Brigade Conversions	13
050-04	Delay the Fielding Date of the Future Combat System from 2008 to 2010	14
050-05	Cancel the Army's Comanche Helicopter Program	15
050-06	Reduce the Procurement of Virginia Class Submarines and Transfer Six More Subs to Guam	17
050-07	Cancel the DDX Program and Buy New Frigates Instead	19
050-08	Eliminate Research and Development Funding for the Second Future Carrier	21
050-09	Cancel Production of the V-22 Aircraft	22
050-10	Reduce Purchases of the Air Force's F/A-22 Fighter	24
050-11	Slow the Schedule of the F-35 Joint Strike Fighter Program	25
050-12	Substitute Unmanned Combat Air Vehicles for Manned Aircraft	27
050-13	Accelerate Replacement of the C-5s' Engines	29
050-14	Reduce Nuclear Delivery Platforms to Achieve the Moscow Treaty's Limits on Operational Nuclear Warheads	31
050-15	Reduce the Trident Submarine Force to 12 and Buy 48 Fewer D5 Missiles	33

Manpower, Logistics, and Support

050-16	Consolidate Military Personnel Costs in a Single Appropriation	35
050-17	Target Pay to Meet Military Requirements	36

050-18	Reduce Military Personnel in Overseas Headquarters Positions	38
050-19	Replace Military Personnel in Some Support Positions with Civilian Employees of the Department of Defense	40
050-20	Increase the Use of Warrant Officers to Attract and Retain Personnel	41
050-21	Reduce Recruiting Budgets	42
050-22	Have the Departments of Defense and Veterans Affairs Purchase Drugs Jointly	43
050-23	Introduce a “Cafeteria Plan” for the Health Benefits of Family Members of Active-Duty Military Personnel	45
050-24	Create Incentives for Military Families to Save Energy	46
050-25	Consolidate and Encourage Efficiencies in Military Exchanges	47
050-26	Consolidate the Department of Defense’s Retail Activities and Provide a Grocery Allowance to Service Members	48
050-27	Eliminate the Department of Defense’s Elementary and Secondary Schools	50
050-28	Price Military Housing According to Market Rates	51
050-29	Change Depots’ Pricing Structure for Repairs	53

**Function 150:
International Affairs**

150-01	Eliminate the Export-Import Bank, the Overseas Private Investment Corporation, and the Trade and Development Agency	56
150-02	End the United States’ Capital Subscriptions to the European Bank for Reconstruction and Development	57

**Function 270:
Energy**

270-01	Eliminate the Department of Energy’s Applied Research for Fossil Fuels	60
270-02	Eliminate the Department of Energy’s Applied Research for Energy Conservation	61

270-03	Eliminate the Department of Energy's Applied Research for Solar and Renewable Energy Sources	62
270-04	Eliminate Grant Programs That Support Energy Conservation	63
270-05	Restructure the Power Marketing Administrations to Charge Higher Rates	64
270-06	Sell the Southeastern Power Administration and Related Power-Generation Equipment	65
270-07	Eliminate Federal Funding for the FreedomCAR Partnership	66
270-08	Reduce the Size of the Strategic Petroleum Reserve	68
270-09	Require the Tennessee Valley Authority to Impose a Transmission Surcharge on Future Electricity Sales	70

**Function 300:
Natural Resources and Environment**

300-01	Increase Net Receipts from National Timber Sales	72
300-02	Eliminate Federal Grants for Water Infrastructure	73
300-03	Reauthorize Holding and Location Fees and Charge Royalties for Hardrock Mining on Federal Lands	74
300-04	Set Grazing Fees for Federal Lands on the Basis of State Formulas	75
300-05	Recover Costs Associated with the Issuance of Permits by the Army Corps of Engineers	76
300-06	Impose Fees on Users of the Inland Waterway System	77
300-07	Open the Coastal Plain of the Arctic National Wildlife Refuge to Leasing	78
300-08	Impose a New Harbor Maintenance Fee	79
300-09	Terminate Economic Assistance Payments Under the South Pacific Fisheries Treaty	80
300-10	Eliminate Federal Funding of Beach Replenishment Projects	81
300-11	Eliminate the Environmental Protection Agency's Energy-Efficiency Partnerships	82

**Function 350:
Agriculture**

350-01	Eliminate the Foreign Market Development Program	84
350-02	Eliminate the Market Access Program	85
350-03	Reduce the Reimbursement Rate Paid to Private Insurance Companies in the Department of Agriculture's Crop Insurance Program	86
350-04	Impose New Limits on Farm Program Payments to Producers of Certain Agricultural Commodities	87

**Function 370:
Commerce and Housing Credit**

370-01	End the Credit Subsidy for the Small Business Administration's Major Business Loan Guarantee Programs	90
370-02	Eliminate the International Trade Administration's Trade Promotion Activities or Charge the Beneficiaries	91
370-03	Eliminate the Advanced Technology Program	92
370-04	Eliminate the Manufacturing Extension Partnership and the National Quality Program	93
370-05	Charge All Banks and Thrifts Deposit Insurance Premiums	94

**Function 400:
Transportation**

400-01	Reduce Federal Subsidies for Amtrak	96
400-02	Eliminate the Essential Air Service Program	97
400-03	Eliminate Grants to Large and Medium-Sized Hub Airports	98
400-04	Increase Fees for Certificates and Registrations Issued by the Federal Aviation Administration	99
400-05	Establish Fees Based on Costs for Air Traffic Control Services	100
400-06	Impose a User Fee to Cover the Costs of the Federal Railroad Administration's Rail Safety Activities	101
400-07	Eliminate Funding for "High-Priority" Highway Projects	102

400-08	Eliminate Funding for the “New Starts” Transit Program	103
400-09	Increase Fees for Transportation Security	104

**Function 450:
Community and Regional Development**

450-01	Convert the Rural Community Advancement Program to State Revolving Loan Funds	106
450-02	Eliminate Region-Specific Development Agencies	107
450-03	Drop Wealthier Communities from the Community Development Block Grant Program	108
450-04	Eliminate the Neighborhood Reinvestment Corporation	109
450-05	Drop Flood Insurance for Certain Repeatedly Flooded Properties	110
450-06	Phase Out the Flood Insurance Subsidy on Pre-FIRM Structures Other Than Primary Residences	111
450-07	Eliminate the Community Development Financial Institutions Fund	112
450-08	Eliminate Grant Funding for Empowerment Zones	113

**Function 500:
Education, Training, Employment, and Social Services**

500-01	Reduce Funding to School Districts for Impact Aid	116
500-02	Repeal the Safe and Drug-Free Schools and Communities Act	117
500-03	Eliminate Interest Subsidies on Loans to Graduate Students	118
500-04	Raise Interest Rates on Federal Student Loans	119
500-05	Increase Up-Front Fees on Unsubsidized Loans to Dependent Students and Their Parents	120
500-06	Restrict Eligibility for Subsidized Student Loans by Including Home Equity in the Determination of Financial Need	121
500-07	Eliminate the Floor on Lenders’ Yields from Federally Guaranteed Student Loans	122
500-08	End New Federal Funding for Perkins Loans	123

500-09	Eliminate Administrative Fees Paid to Schools in the Campus-Based Student Aid and Pell Grant Programs	124
500-10	Eliminate the Leveraging Educational Assistance Partnership Program	125
500-11	Eliminate the Senior Community Service Employment Program	126

**Function 550:
Health**

550-01	Reduce the Enhanced Federal Matching Rates for Certain Administrative Functions in Medicaid	128
550-02	Restrict the Allocation of Common Administrative Costs to Medicaid	129
550-03	Reduce Spending for Medicaid Administration	130
550-04	Convert Medicaid Payments for Acute Care Services into a Block Grant	131
550-05	Convert Medicaid Disproportionate Share Hospital Payments into a Block Grant	132
550-06	Require All States to Comply with New Rules About Medicaid's Upper Payment Limit by 2004	133
550-07	Reform the Process for Listing Drug Patents in the FDA's Orange Book	134
550-08	Eliminate the 30-Month Stay for Late-Listed Patents	135
550-09	Reduce Subsidies for Health Professions Education	137
550-10	Finance the Food Safety Inspection Service Through User Fees	138
550-11	Adopt a Voucher Plan for the Federal Employees Health Benefits Program	139
550-12	Base Retirees' Health Benefits on Length of Federal Service	140

**Function 570:
Medicare**

570-01	Reduce Medicare's Payments for the Indirect Costs of Patient Care That Are Related to Hospitals' Teaching Programs	142
--------	--	-----

570-02	Reduce Medicare's Direct Payments for Medical Education	143
570-03	Eliminate Additional Capital-Related Payments for Hospitals with Residency Programs	144
570-04	Convert Medicare Payments for Graduate Medical Education into a Block Grant and Slow Their Growth	145
570-05	Convert Medicare Disproportionate Share Hospital Payments into a Block Grant	146
570-06	Expand Global Payments for Hospitals' and Physicians' Services Provided During an Inpatient Stay	147
570-07	Further Reduce the Medicare Prospective Payment System Update Factor for Hospitals' Inpatient Operating Costs	148
570-08	Further Reduce Medicare's Payments for Hospitals' Inpatient Capital-Related Costs	149
570-09	Increase the Number of Postacute Care Discharges Treated as Hospital Transfers Under Medicare	150
570-10	Reduce Medicare Payments for Currently Covered Prescription Drugs	151
570-11	Require Competitive Bidding for High-Volume Items of Durable Medical Equipment	152
570-12	Increase Medicare's Premium for Supplementary Medical Insurance to 30 Percent of Benefit Costs	154
570-13	Tie Medicare's Premium for Supplementary Medical Insurance to Enrollees' Income	155
570-14	Index Medicare's Deductible for Supplementary Medical Insurance Services	156
570-15	Simplify and Limit Medicare's Cost-Sharing Requirements	157
570-16	Restrict Medigap Coverage of Medicare's Cost Sharing	159
570-17	Combine Medicare Cost-Sharing Changes with Medigap Restrictions	160
570-18	Collect Deductible and Coinsurance Amounts for Clinical Laboratory Services Under Medicare	161

570-19	Reduce Medicare Payments for Home Health Care	162
570-20	Impose a Copayment Requirement on Home Health Episodes Covered by Medicare	163

**Function 600:
Income Security**

600-01	Increase Payments by Tenants in Federally Assisted Housing	166
600-02	Reduce Rent Subsidies for Certain One-Person Households	167
600-03	Eliminate Small Food Stamp Benefits	168
600-04	Target the Subsidy for Certain Meals in Child Nutrition Programs	169
600-05	Reduce the \$20 Exclusion for Unearned Income Under the Supplemental Security Income Program	170
600-06	Create a Sliding Scale for Children's SSI Benefits Based on the Number of Recipients in a Family	171
600-07	Reduce the Federal Matching Rate for Administrative and Training Costs in the Foster Care and Adoption Assistance Programs	172
600-08	Limit Some Cost-of-Living Adjustments for Federal Retirees	173
600-09	Modify the Formula Used to Set Federal Pensions	174
600-10	Restructure the Government's Matching Contributions to the Thrift Savings Plan	175

**Function 700:
Veterans Benefits and Services**

700-01	Narrow the Eligibility for Veterans' Disability Compensation to Include Only Veterans with High-Rated Disabilities	178
700-02	Narrow the Eligibility for Veterans' Disability Compensation to Veterans Whose Disabilities Are Related to Their Military Duties	179
700-03	Increase Beneficiaries' Cost Sharing for Care at Nursing Facilities Operated by the Department of Veterans Affairs	180
700-04	Establish a Realignment and Closure Commission for Department of Veterans Affairs Facilities	181

700-05	Reduce Veterans' Disability Compensation to Account for Social Security Disability Insurance Payments	182
--------	---	-----

**Function 800:
General Government**

800-01	Eliminate General Fiscal Assistance to the District of Columbia	184
800-02	Require the Internal Revenue Service to Deposit Fees from Installment Agreements in the Treasury as Miscellaneous Receipts	185
800-03	Eliminate Federal Antidrug Advertising	186

**Function 920:
Allowances**

920-01	Charge Federal Employees Commercial Rates for Parking	188
920-02	Raise the Threshold for Coverage Under the Davis-Bacon Act	189
920-03	Impose a Fee on the Investment Portfolios of Government-Sponsored Enterprises	190
920-04	Eliminate Cargo Preference	191

Options That Affect Revenues

Restrict Itemized Deductions, Credits, and Exclusions Under the Income Tax

Option 1	Combine the Personal Exemption and the Standard Deduction	195
Option 2	Eliminate the Deductibility of Interest on Home-Equity Debt	197
Option 3	Eliminate Deferred Taxation of Like-Kind Exchanges	199
Option 4	Limit Deductions for Charitable Gifts of Appreciated Property to the Gifts' Tax Basis	200
Option 5	Eliminate the Earned Income Tax Credit for People Who Have No Children	201
Option 6	Include Social Security Benefits in Calculating the Phaseout of the Earned Income Tax Credit	202
Option 7	Substitute a Tax Credit for the Exclusion of Interest Income on State and Local Debt	203

Restrict the Tax-Favored Treatment of Nonretirement Fringe Benefits

Option 8	Restrict the Tax Exclusion for Qualified Parking to Locations from Which Employees Commute in Vans and Carpools	204
Option 9	Include Employer-Paid Life Insurance in Taxable Income	205

Restrict the Tax-Favored Treatment of Certain Household Income

Option 10	Include Investment Income from Life Insurance and Annuities in Taxable Income	206
Option 11	Raise the Age Limit from 14 to 18 for Taxing Investment Income Under the Kiddie Tax	207
Option 12	Include in Adjusted Gross Income All Income Earned Abroad by U.S. Citizens	208

Expand the Payroll Tax Base

Option 13	Expand the Medicare Payroll Tax to Include All State and Local Government Employees	209
Option 14	Calculate Taxable Wages in the Same Way for Both Self-Employed People and Employees	210
Option 15	Subject All Earnings to the Social Security Payroll Tax	211

Change Tax Rules for Income from Worldwide Activity

Option 16	Eliminate the Source Rules Exception for Inventory Sales	212
Option 17	Make Foreign Subnational Taxes Deductible Rather than Creditable	214

Curtail Special Provisions of Income Taxes for Businesses

Option 18	Set the Corporate Tax Rate at 35 Percent for All Corporations	215
Option 19	Repeal the “Lower of Cost or Market” Inventory Valuation Method	216
Option 20	Reduce Tax Credits for Rehabilitating Buildings, and Repeal the Credit for Nonhistoric Structures	217
Option 21	Tax Large Credit Unions Like Other Thrift Institutions	218
Option 22	Repeal the Expensing of Exploration and Development Costs for Extractive Industries	219

Option 23	Repeal Percentage Depletion for Extractive Industries	220
Option 24	Repeal the Tax Credit for Enhanced Oil Recovery Costs, and Eliminate the Expensing of Tertiary Injectants	221
Option 25	Repeal the Partial Exemption from Motor Fuel Excise Taxes Now Given to Alcohol Fuels	222
Option 26	Capitalize the Costs of Producing Timber	223
Option 27	Tax the Income Earned by Public Electric Power Utilities	224
Option 28	Tighten Rules on Interest Deductions for Corporate-Owned Life Insurance	225
Option 29	Repeal Tax-Free Conversions of Large C Corporations to S Corporations	226
Option 30	Tax the Income of Cooperatively Owned Electric and Telephone Utilities	227
Option 31	Eliminate the Exemption of Interest Income on Debt Issued by State and Locally Owned Electric Utilities for New Generating or Transmitting Facilities	228
Option 32	Apply the Limited Depreciation Schedule to All Business-Use Sport Utility Vehicles and Automobiles	229
Increase Excise Taxes		
Option 33	Increase the Excise Tax on Cigarettes by 50 Cents per Pack	230
Option 34	Increase All Alcoholic Beverage Taxes to \$16 per Proof Gallon	231
Option 35	Increase Excise Taxes on Motor Fuel by 12 Cents per Gallon	232
Impose or Adjust Taxes That Affect the Environment		
Option 36	Impose a Tax on Sulfur Dioxide Emissions	233
Option 37	Impose a Tax on Nitrogen Oxide Emissions	234
Option 38	Subject Vehicles with a Gross Vehicle Weight of Between 6,000 and 10,000 Pounds to the Gas Guzzler Tax	235
Option 39	Impose a One-Time Tax on Emissions of New Automobiles and Light Trucks	236

Option 40	Eliminate Tax Credits for Producing Unconventional Fuels and for Generating Electricity from Renewable Energy Sources	237
Option 41	Reinstate the Superfund Taxes	238
	Consolidate or Simplify Provisions of the Tax Code	
Option 42	Consolidate Child-Related Tax Provisions	239
Option 43	Replace Multiple Tax Rates on Long-Term Capital Gains with a Deduction of 45 Percent	240
	Modify Provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001	
Option 44	Provide Relief from the Individual Alternative Minimum Tax	243
Option 45	Immediately Eliminate the Personal Exemption Phaseout and the Limit on Itemized Deductions	245
Option 46	Advance the Marriage Penalty Provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001	246
Option 47	Freeze Tax Rates and Brackets at the 2002 or 2004 Level Under EGTRRA, and Index the Brackets' Upper Limits for Inflation	248
Option 48	Extend or Freeze the Estate and Gift Tax Provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001	249